

Projection Model 3

Division of Healthcare Finance

Projected Reserve Calculation - 0% in 2014 and 8.5% in the out years with coins increase in Plans A & B (\$1,700/\$3,400 & \$3,500/\$7,000)

Medical, Pharmacy, Dental and Vision

Date of Projection: 5/29/2013

Plan Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Actual Factors and Assumptions in PY2012	Projected Factors and Assumptions.....										
Factors and Assumptions												
Interest Rate on Reserves	0.1%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Admin/Contract Fee Trend	1.8%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Kansas Healthcare cost trend rate	5.0%	6.0%	6.5%	6.5%	7.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
	HCC Policy Choices in June 2011	HCC Policy Choices by June 2012	HCC Policy Choices by June 2013	Future Policy Choices.....								
Policy Choices												
Employer Contr. % incr. (eff. July 1)	7.5%	0.0%	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Employee Contr. % incr. (eff. Jan 1)	44.0%	0.0%	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Dependent Contr. % incr. (eff. Jan 1)	-7.4%	0.0%	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Direct Bill Contr. % incr. (eff Jan 1)	14.7%	0.0%	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Plan design changes % impact on expenses		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Beginning reserve earning interest	12,017,362	12,030,660	12,181,043	12,333,306	165,550,858	146,486,180	131,203,106	118,219,590	108,047,088	101,253,332	98,467,871	100,388,123
Beginning reserve not earning interest	102,929,048	158,309,374	196,487,759	182,480,393	0	0	0	0	0	0	0	0
Beginning Total Reserve Balance	114,946,410	170,340,034	208,668,802	194,813,699	165,550,858	146,486,180	131,203,106	118,219,590	108,047,088	101,253,332	98,467,871	100,388,123
Projected Cash Flow												
Total Employer Contributions	359,671,841	374,645,719	376,495,422	395,445,892	430,002,966	466,464,073	506,016,816	548,923,342	595,468,028	645,959,362	700,731,993	760,148,942
Total Participant Contributions	130,142,982	124,447,306	117,967,663	121,153,437	129,554,509	138,674,328	148,430,331	158,865,435	170,025,280	181,958,383	194,716,299	208,353,785
Total Contributions	489,814,823	499,093,025	494,463,085	516,599,329	559,557,475	605,138,401	654,447,147	707,788,777	765,493,308	827,917,745	895,448,292	968,502,727
Total Plan Expenses (Claims, ASO fees & contracted expenses)	434,434,498	462,062,139	508,470,451	546,016,336	580,691,539	622,252,552	669,070,701	719,439,024	773,637,652	831,968,873	894,758,888	962,359,702
Interest on Reserves	13,298	150,383	152,263	154,166	2,069,386	1,831,077	1,640,039	1,477,745	1,350,589	1,265,667	1,230,848	1,254,852
Net Cash flow	55,393,623	38,328,768	-13,855,103	-29,262,841	-19,064,678	-15,283,074	-12,983,515	-10,172,502	-6,793,755	-2,785,461	1,920,252	7,397,877
Projected Reserve Balance												
Reserve Ending Balance	170,340,033	208,668,802	194,813,699	165,550,858	146,486,180	131,203,106	118,219,591	108,047,088	101,253,333	98,467,871	100,388,123	107,786,000
Target Reserve	50,274,000	52,591,000	56,357,000	59,996,000	64,036,000	68,962,000	74,275,000	80,004,000	86,183,000	92,846,000	100,034,000	107,786,000
IBNR Claim Reserve	29,022,000	30,341,000	32,514,000	34,613,000	36,944,000	39,786,000	42,851,000	46,156,000	49,721,000	53,565,000	57,712,000	62,184,000
Claim Fluctuation Reserve	21,252,000	22,250,000	23,843,000	25,383,000	27,092,000	29,176,000	31,424,000	33,848,000	36,462,000	39,281,000	42,322,000	45,602,000
Difference between the Reserve Ending Balance and Target Reserve	120,066,034	156,077,802	138,456,699	105,554,858	82,450,180	62,241,106	43,944,590	28,043,088	15,070,332	5,621,871	354,123	0

Beginning in 2014, the model includes the projected cost of health care reform impacts.

Does not include estimated PCORI fees which cannot be paid by plan assets.